

Good morning, my name is Marie Lenane and I am a Pricing Analyst for the Purchase of Service Administration at the Executive Office of Health and Human Services (EOHHS). I am here to present staff testimony on the proposed amendment to the regulation at 101 CMR 413.00: Payments for Youth Intermediate-Term Stabilization Services. The proposed amendments update rates for services purchased by the Department of Public Health (DPH), the Department of Children and Families (DCF), and the Department of Mental Health (DMH) and are specific to clinically intensive residential treatment (CIRT) and intensive residential treatment programs (IRTP); congregate care and intensive community services; youth residential; and youth transitional age services.

The amendments to the regulation at 101 CMR 413.00 are being proposed at this time in accordance with Massachusetts General Laws Chapter 118E, Section 13D, which requires the secretary of EOHHS to establish by regulation and biennially update the rates to be paid by governmental units for social service programs.

The effective date for the proposed amended regulation is July 1, 2023.

These services are being updated and include an increase by a cost adjustment factor (CAF) of 2.78%, effective July 1, 2023. The CAF was determined by using baseline and prospective Massachusetts Economic Indicator data from IHS Economics – Fall 2022 Forecast, optimistic scenario data. The CAF reflects the period between the rates' base period (calendar year 2023 Q2) and the prospective period of fiscal years 2024 and 2025. In addition to the FY24 CAF, the rates for all services have been updated to include all staff salaries. It is the Purchase of Service (Chapter 257) policy to utilize salary data from the most recent version of the Massachusetts Bureau of Labor Statistics Occupational Employment and Wage Statistics (OEWS) available at the time of the rate review. As such, the benchmarks are derived from the Massachusetts Bureau of Labor Statistics (BLS) wages dated May 2021 at the 53rd percentile.

The youth residential and youth transitional age services programmatic expenses are benchmarked to the FY21 Uniform Financial Statements and Independent Auditor's Report (UFR).

The congregate care and intensive community services programmatic expenses are benchmarked to either similar services programmatic expenses or the purchasing agencies' recommendation. Direct service staffing, where applicable, in most of these model budgets has been updated to correspond with the purchaser's service delivery expectations for the services. Additionally, many congregate care service models have been allocated additional training funds based on the purchaser's recommendation.

The rates specific to clinically intensive residential treatment (CIRT) and intensive residential treatment programs (IRTP) have been redesigned to include additional staffing, wellness, and on-call expenses, as well as to eliminate the need for separate co-located/non-co-located ITRP rates.

For all services, the administrative allocation has been benchmarked to 12% and the tax and fringe rate has been benchmarked to 25.39%. This benchmark is derived from the MA Comptroller's FY23 approved

rate less terminal leave and retirement. This benchmark includes an additional 2% to be used to promote workforce initiatives such as retirement benefits. Lastly, rate provision language has been incorporated into this regulation to allow for administrative adjustments for extraordinary circumstances, which is consistent with other Chapter 257 rate regulations.

The annualized cost to state government from the increase in rates specific to DCF's congregate care and intensive community services is approximately \$120 million, which represents an increase of 39.96% over FY23 projected spending of approximately \$300.5 million.

The annualized cost to state government from the increase in rates specific to DMH's congregate care and intensive community services is approximately \$4.5 million, which represents an increase of 17.54% over FY23 projected spending of approximately \$25.5 million.

The annualized cost to state government from the increase in rates amended by this regulation for DMH's IRTP and CIRT programs is approximately \$14.7 million, which represents an increase of 74.31% over FY22 spending of approximately \$19.8 million.

The annualized cost to state government from the increase in rates specific to youth residential services amended by this regulation for DPH is \$227,806, which represents an increase of 18.81% over FY23 projected spending of approximately \$1 million.

The total annualized cost to state government from the increase in rates amended by this regulation is approximately \$140 million, which represents an increase of 40.24% over FY23 projected spending of approximately \$347 million.

This concludes my testimony. Thank you.